

**Table T17-0216**  
**Revenue and Distributionally Neutral Proposal to Lower Individual and Corporate Income Tax Rates and Repeal Certain Tax Expenditures<sup>1</sup>**  
**Proposal Retains Certain Tax Expenditures that Benefit Low-Income Households**  
**Baseline: Current Law**  
**Impact on Tax Revenue, 2018-37 by Fiscal Year**

Provision	Fiscal Year										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-27
<b>Individual Income and Payroll Taxes</b>											
Repeal the individual AMT, NIIT, PEP, and "Pease"	-49.7	-69.3	-82.1	-89.7	-95.0	-100.3	-106.4	-113.2	-120.1	-127.0	-952.9
Reduce individual rates to 0, 5, 16, and 29.9 percent <sup>2</sup>	-508.6	-698.1	-725.4	-756.0	-788.3	-822.4	-858.0	-894.8	-932.8	-971.3	-7,955.7
Repeal individual tax expenditures	473.5	699.2	751.5	797.7	839.6	884.7	931.9	980.8	1,032.1	1,083.5	8,474.4
<b>Total for individual income tax revenue</b>	<b>-84.9</b>	<b>-68.2</b>	<b>-56.1</b>	<b>-48.1</b>	<b>-43.7</b>	<b>-38.0</b>	<b>-32.4</b>	<b>-27.3</b>	<b>-20.8</b>	<b>-14.8</b>	<b>-434.2</b>
<b>Corporate Income Tax</b>											
Repeal the corporate AMT	-6.4	-10.6	-9.9	-8.3	-7.8	-8.0	-8.1	-8.3	-8.7	-9.0	-85.2
Reduce corporate rate to flat 26.0 percent	-48.7	-97.4	-116.6	-116.7	-118.6	-120.7	-124.3	-128.3	-132.9	-138.3	-1,142.5
Territorial system plus minimum tax on foreign-source income earned after 12-31-17	2.1	4.0	4.3	4.1	3.9	3.7	3.4	3.1	2.8	2.5	34.0
Repeal corporate tax expenditures	52.7	108.7	126.5	136.2	139.9	143.8	157.5	173.3	188.6	203.6	1,430.8
<b>Total for corporate income tax revenue</b>	<b>-0.4</b>	<b>4.7</b>	<b>4.3</b>	<b>15.3</b>	<b>17.5</b>	<b>18.8</b>	<b>28.6</b>	<b>39.8</b>	<b>49.8</b>	<b>58.8</b>	<b>237.1</b>
<b>Total revenue effect of plan</b>	<b>-85.3</b>	<b>-63.5</b>	<b>-51.8</b>	<b>-32.8</b>	<b>-26.3</b>	<b>-19.2</b>	<b>-3.8</b>	<b>12.5</b>	<b>29.0</b>	<b>44.0</b>	<b>-197.1</b>
<b>Addendum 1: Change in federal debt service costs</b>											
Change in deficit (before debt service costs)	85.3	63.5	51.8	32.8	26.3	19.2	3.8	-12.5	-29.0	-44.0	197.1
Change in interest costs	0.6	2.2	3.8	5.7	7.1	8.3	9.1	9.5	9.3	8.5	64.1
<b>Change in deficit</b>	<b>85.9</b>	<b>65.7</b>	<b>55.6</b>	<b>38.5</b>	<b>33.4</b>	<b>27.5</b>	<b>13.0</b>	<b>-3.0</b>	<b>-19.8</b>	<b>-35.5</b>	<b>261.2</b>
<b>Addendum 2: Change in federal debt relative to GDP</b>											
Change in federal debt	85.9	151.6	207.2	245.7	279.0	306.5	319.5	316.4	296.7	261.2	2,469.7
GDP <sup>3</sup>	19,926	20,661	21,378	22,168	23,037	23,948	24,899	25,889	26,917	27,985	236,809
<b>Increase in federal debt relative to GDP (percent)</b>	<b>0.4</b>	<b>0.7</b>	<b>1.0</b>	<b>1.1</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>	<b>0.9</b>	<b>1.0</b>

Provision	Fiscal Year										
	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2028-37
<b>Individual Income and Payroll Taxes</b>											
Repeal the individual AMT, NIIT, PEP, and "Pease"	-134.2	-142.9	-152.5	-160.6	-168.4	-176.5	-185.1	-194.0	-203.4	-213.2	-1,730.8
Reduce individual rates to 0, 5, 16, and 29.9 percent <sup>2</sup>	-1,011.9	-1,055.3	-1,100.8	-1,146.7	-1,194.0	-1,243.2	-1,294.5	-1,347.8	-1,403.4	-1,461.3	-12,259.0
Repeal individual tax expenditures	1,136.8	1,192.0	1,249.7	1,305.5	1,361.4	1,419.2	1,479.3	1,542.0	1,607.6	1,675.9	13,969.5
<b>Total for individual income tax revenue</b>	<b>-9.3</b>	<b>-6.1</b>	<b>-3.7</b>	<b>-1.8</b>	<b>-1.0</b>	<b>-0.5</b>	<b>-0.2</b>	<b>0.1</b>	<b>0.8</b>	<b>1.5</b>	<b>-20.3</b>
<b>Corporate Income Tax</b>											
Repeal the corporate AMT	-9.4	-9.7	-10.1	-10.5	-11.0	-11.4	-11.9	-12.3	-12.8	-13.3	-112.5
Reduce corporate rate to flat 26.0 percent	-143.8	-149.6	-155.6	-161.8	-168.3	-175.0	-182.0	-189.3	-196.8	-204.7	-1,726.9
Territorial system plus minimum tax on foreign-source income earned after 12-31-17	2.1	1.7	1.3	0.9	0.4	-0.1	-0.7	-1.2	-1.9	-2.5	0.0
Repeal corporate tax expenditures	213.5	216.9	216.4	214.5	212.2	210.1	209.3	210.7	214.5	219.8	2,138.1
<b>Total for corporate income tax revenue</b>	<b>62.4</b>	<b>59.3</b>	<b>52.0</b>	<b>43.0</b>	<b>33.4</b>	<b>23.6</b>	<b>14.8</b>	<b>7.9</b>	<b>3.0</b>	<b>-0.8</b>	<b>298.7</b>
<b>Total revenue effect of plan</b>	<b>53.2</b>	<b>53.2</b>	<b>48.3</b>	<b>41.2</b>	<b>32.4</b>	<b>23.1</b>	<b>14.6</b>	<b>8.0</b>	<b>3.8</b>	<b>0.7</b>	<b>278.4</b>
<b>Addendum 1: Change in federal debt service costs</b>											
Change in deficit (before debt service costs)	-53.2	-53.2	-48.3	-41.2	-32.4	-23.1	-14.6	-8.0	-3.8	-0.7	-278.4
Change in interest costs	7.3	5.9	4.6	3.3	2.3	1.4	0.9	0.5	0.4	0.3	27.0
<b>Change in deficit</b>	<b>-45.8</b>	<b>-47.2</b>	<b>-43.7</b>	<b>-37.9</b>	<b>-30.1</b>	<b>-21.7</b>	<b>-13.7</b>	<b>-7.5</b>	<b>-3.4</b>	<b>-0.4</b>	<b>-251.5</b>
<b>Addendum 2: Change in federal debt relative to GDP</b>											
Change in federal debt	215.4	168.1	124.4	86.5	56.4	34.8	21.0	13.6	10.1	9.8	740.2
GDP <sup>3</sup>	29,104	30,268	31,478	32,737	34,046	35,407	36,823	38,295	39,826	41,419	349,401
<b>Increase in federal debt relative to GDP (percent)</b>	<b>0.7</b>	<b>0.6</b>	<b>0.4</b>	<b>0.3</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>

Source: Urban-Brookings Tax Policy Center (TPC) Microsimulation Model (version 0217-1) and TPC off-model estimates.

Note: AMT = alternative minimum tax; NIIT = net investment income tax; PEP = personal exemption phaseout; "Pease" = limitation on itemized deductions.

<sup>1</sup> Proposal is designed to be revenue neutral in FY 2037. For more details, see <http://www.taxpolicycenter.org/publications/tax-reform-tradeoff-eliminating-tax-expenditures-reducing-rates>.

<sup>2</sup> The 0% rate applies to income in the current law 10% bracket, the 5% rate applies to income in the current law 15% bracket, the 16% rate applies to income in the current law 25% bracket and up to 1.25 times the top of the current law 28% bracket, and the 29.9% rate applies to income above 1.25 times the top of the current law 28% bracket.

<sup>3</sup> The GDP forecast through 2027 is from CBO, The Budget and Economic Outlook: 2017 to 2027 (January 2017) and for 2028-2037 is from CBO, The 2017 Long-Term Budget Outlook (March 2017).